

KEY BISCAYNE POLICE OFFICERS' & FIREFIGHTERS' RETIREMENT PLAN

Village Council Chambers
560 Crandon Blvd., Key Biscayne, FL 33149
REGULAR MEETING OF OCTOBER 2ND, 2014

1. Call to Order – Chairman Michael Haring called the meeting of the Key Biscayne Police Officers' & Firefighters' Retirement Plan to order at 5:35 P.M.

Roll Call – Secretary Servando M. Parapar, Chairman Michael Haring, Jose L. Monteagudo, Martha F. Broucek and Ramon Rodriguez.

OTHERS PRESENT: Frank Wan from Burgess Chambers & Associates, Blake Myton from SunTrust, Stephen H. Cypen, Esq., Attorney for the Plan and Joan L. Wall, Administrator.

2. Additions/Deletions to Agenda. Since the agenda was posted F/F Ronald Erbel had selected his benefit and returned paperwork for entering the DROP as of August 1st, 2014. Jose Monteagudo moved to add this as agenda item 6. a). Martha Broucek seconded the motion. The motion carried unanimously.

3. Approval of Minutes. Chairman Haring presented the minutes for the meetings of July 24th and September 11th, 2014 for approval. Jose Monteagudo moved to approve the minutes for both meetings. Martha Broucek seconded the motion. The motion carried unanimously.

4. Approval of Invoices. Chairman Haring presented the invoices listed on the agenda for approval and payment. Servando Parapar moved to approve payment. Jose Monteagudo seconded the motion. The motion carried unanimously, authorizing payment of the following:

Gabriel Roeder Smith & Co., Inv #409505, Dated 9/12/14	\$ 4,528.00
Holland & Knight, Inv #3089064, Dated 9/8/14	\$ 150.00
SunTrust Bank, Inv #258132, Dated 7/29/14	\$12,753.53
SunTrust Bank, Inv #258133, Dated 7/29/14	\$ 1,035.61
<u>TOTAL</u>	\$13,789.14
Burgess Chambers & Associates, Inc. Inv #14-136 Qtr 6/30/14	\$ 3,750.00
Burgess Chambers & Associates, Inc. Inv #14-227 6/30/14 DROP	\$ 497.50
Burgess Chambers & Associates, Inc. Inv #14-228 6/30/14 SHARE	\$ 1,252.50
<u>TOTAL</u>	\$ 5,500.00

Joan L. Wall, Administrator, 63 3/4 hrs, plus expenses

\$ 2,991.88

5. Approve Commencement of Retirement – After end of DROP. Chairman Haring presented the two benefits that would be paid directly to the participants rather than added to their DROP accounts at ICMA, due to their completing their DROP period for approval and payment. Martha Broucek moved to approve. Servando Parapar seconded the motion. The motion carried unanimously, authorizing payment of the following:

F/F Albert A. Menendez, DROP 1/1/10 – 12/31/14, Monthly Benefit to participant
To commence on January 1st, 2015 in the amount of \$ 1,403.63

F/F John N. Montgomery, DROP 11/1/09 – 10/31/2014, Monthly Benefit to
Participant to commence on November 1st, 2014 in the amount of \$ 1,684.57

6. Refund of Pension Contributions and Overpaid Pension Contributions. Chairman Haring presented the refunds of pension contributions due for approval and payment. Servando Parapar moved to approve payment. Martha Broucek seconded the motion. The motion carried unanimously, authorizing payment of the following:

Nationwide Retirement Solutions (FBO P/O Miguel De La Rosa, H/D 1/7/13,
T/D 3/8/14) in the amount of \$ 7,540.14

F/F Kevin Mills, Overpaid Pension Contributions/Application for DROP Retirement
Effective July 1, 2014 Received on 8/19/14, Contributions 7/1 – 8/8/14 \$1,219.08
Less 20% WH Tax of \$243.82, Net Check of \$ 975.26

6. a) Approve Commencement of DROP Benefits. Chairman Haring presented the DROP Benefit for F/F Ronald Erbel for approval. Servando Parapar moved to approve. Ramon Rodriguez seconded the motion. The motion carried unanimously, authorizing payment of the following:

F/F Ronald Erbel, DROP/Retirement Date 8/1/2014, Monthly Benefit \$6,077.56,
Less \$10 board fee, net amount of \$ 6,067.56.

7. UNFINISHED BUSINESS – Review of Recent Experience Study prepared by Gabriel Roeder Smith on June 10th, 2014. Chairman Haring stated that the recent action of the Board adopting the Actuarial Impact Statement at the 9/11/14 meeting, took care of this matter.

NEW BUSINESS

8. a) Blake Myton, SunTrust – Investment Market Report. Mr. Myton reviewed with those present the 6/30/14 Investment and Market Overviews, Market Returns, Economic Overview and the SunTrust Portfolio Composition and Performance and in addition discussed the Market and Economic Update for 9/30/14. Mr. Myton stated

due to the recent changes that had taken place at PIMCO, one half of this position had been liquidated. Mr. Myton further suggested changes that needed board approval as they were out of his scope of authority to change. It was his recommendations that the PIMCO 1-5 Yr US TIPS ETF with a 6/30/14 market value of \$506,879 and the iShares Barclays TIPS Bond with a 6/30/14 market value of \$808 be sold and the proceeds placed in a bond market index fund, and the iShares iBoxx \$ High Yield Bond with a 6/30/14 market value of \$515,032 be moved to Ridgeworth. Frank Wan from Burgess Chambers & Associates stated had no issue with either of these recommended changes. At the recommendation of the fund's professionals, Martha Broucek moved to authorize Blake Myton to make these changes. Jose Monteagudo seconded the motion. The motion carried unanimously. Mr. Myton advised he would forward the Trade Form to Chairman Haring for his signature.

8. b) Frank Wan from Burgess Chambers & Associates, Inc – 6/30/14 Performance Report. Mr. Wan brought to the attention of those present the following:

- For the quarter, the Fund earned \$789K, slightly behind the model portfolio. The difference was due to international, large-cap growth and the underweight of the REIT. Best performing asset categories were REIT, large-cap core and mid-cap.
- Fiscal year-to-date, the Fund earned \$2.7 million or +12.4%, in line with the model portfolio. Large-cap core, mid-cap and large-cap value were the top three performing asset classes during this period.
- For the trailing 12 month period, the Fund earned \$3.9 million or +17.8% net, outperforming the model portfolio and ranked in the top 21st percentile. Outperformance was due to overweight among domestic equities.
- For the rolling three year period the Fund earned \$6.4 million averaging +10.3% net per year, well ahead of the actuarial assumption rate and ranked in the top 21st percentile.
- For the five year period, the Fund averaged +12.4% net beating the actuarial return assumption.

Mr. Wan reviewed with those present the reports on the DROP and SHARE plans that had market values as of 6/30/14 of \$433,470 for the DROP and \$1,091,291 for the SHARE. A discussion regarding the situation with PIMCO followed and at the recommendation of Mr. Wan, Jose Monteagudo moved to remove PIMCO from the list of choices on the ICMA list and to notify Tony Chifari of today's action. Servando Parapar seconded the motion. The motion carried unanimously. Further at the recommendation of Mr. Wan, Servando Parapar moved to freeze PIMCO to any new investments by the participants of the DROP and SHARE plans. Jose Monteagudo seconded the motion. The motion carried unanimously.

Mr. Wan distributed his report on MLP (master limited partnership) investments and explained to the trustees the energy infrastructure and how the MLP investments conducted business. After extensive review of the material and lengthy discussion, the

trustees requested that Miller/Howard and Westwood Management Corp make presentations at the next meeting.

Mr. Wan presented a revised Investment Policy Statement for the trustees' consideration. The changes lowered the allocations to the large cap core equity, large cap value equity and large cap growth equity to provide for an allocation for MLP's. The model portfolio index added the Alerian MLP Index at 5.0% and reduced the Russell 1000 Large-cap stock index by 5%. Further the revision added to B. Limitations, #13. *"The MLP portion of the portfolio is expected to meet or exceed the return of Alerian MLP Index and rank within the top 40th percentile of an appropriate universe"*. After discussion, Servando Parapar moved to adopt the revised Investment Policy Statement as presented. Jose Monteagudo seconded the motion. The motion carried unanimously.

8. c) Miscellaneous Correspondence for Discussion

- 9/18/14 Letter from Village Manager
- 9/19/14 Email from Peter N. Strong, Actuary
- 9/12/14 Letter from IRS regarding a favorable determination of the Plan.

Attorney Cypen requested the letter from the Village Manager and email from Peter Strong be forwarded to Attorney Robert Friedman for his opinion. After discussion, Martha Broucek moved to table those items. Jose Monteagudo seconded the motion. The motion carried unanimously.

8. d) Schools & Conferences

- **FPPTA**- Fall Trustees School, October 5 – 8, 2014, Hyatt Coconut Point, Bonita Springs
- **NCPERS** – Annual Public Safety Employees Pension & Benefits Conference, October 26 – 29, 2014, Westin New Orleans Canal Place, New Orleans, LA
- **Division of Retirement** – 44th Annual Conference, November 17 – 19, 2014, B Resorts & Spa, Lake Buena Vista, No registration fee.

9. Trustees' Concerns – None.

10. REPORTS

- **Attorney** – None.
- **Administrator** – Status of:
 - **Annual Affidavits** – Lazaro Castellon still had not returned the Annual Affidavit form sent to him in January, also his current address is not available. Chairman Haring stated he had spoken to him about the matter some time ago and today recommended suspending his monthly disability benefit until the form was received.
 - **Status of the Summary Plan Description** – The last one was prepared in November of 2009. After discussion about the possibility of future changes to the plan and the need to provide a current revision every two

years, Jose Monteagudo moved to ask the actuary to update the Summary Plan Description. Servando Parapar seconded the motion. The motion carried unanimously.

Martha Broucek was excused at 7:30 PM due to a prior commitment.

- **Other**

- SunTrust Bank – 408 (b) (2) Fee Disclosures as of 6/30/14
- GRS Response to GASB's Request for Comments 9/17/14

11. Input from Active Members/Retired Members/Public Comments –
None.

12. Next Meeting Date/Adjournment. Chairman Haring announced the next regular meeting was scheduled for Wednesday, November 19th, 2014 at 5:30 P.M. Jose Monteagudo stated he would be out of town on this date.

There being no further business before the board, Servando Parapar moved to adjourn at 7:37 P.M. Jose Monteagudo seconded the motion. The motion carried unanimously.

Respectfully submitted,

Servando Parapar, Secretary